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THE PROBLEM OF UNEMPLOYMENT IN THE UNITED KINGDOM; WITH A REMEDY BY ORGANIZATION AND TRAINING

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What is called the problem of unemployment has now, in most countries of advanced industrial development, become acute. It is not that the poverty and distress is worse than before. In the United Kingdom, indeed,—thanks to factory acts and trade unions, and other instruments for upholding and enforcing a standard of life—it is demonstrable that the poverty and distress is far less than in 1795 or 1817 or 1841 or 1879, our years of greatest depression. But those who suffer are, in all countries, more articulate than they used to be. They do not acquiesce in their misery and degradation as inevitable. They know, as we know, that the conditions of industry from which they suffer have been created by our forefathers and ourselves, and that they need not have been so created. They can at any rate be altered if we so choose. And there is, among those who do not suffer, the economists by no means excluded, a rapidly growing feeling that the present organization is indefensible, and also that it ought not to be defended. There is, in England, a growing conviction that the problem of unemployment is now one of the principal preoccupations, not only of the legislature, but also of the heads of the executive government.

The Problem of Unemployment

I will first state the problem as it appears to me. Any day we find, in every large city, almost at all times, a considerable number of men actually without wage-earning employment for that day, or for many days in succession. At particular seasons of each year this number is greatly augmented. In some years it is greater than in others. These men are occasionally skilled mechanics, or men who have held responsible posts at thirty shillings a week or more, but to the extent of 80 per cent at least they belong either to the

great army of general laborers, or else to that slightly specialized section of it which calls itself "painter" or "builders' laborer." They are predominantly men in the prime of life, mostly between twenty and fifty, with wife and children. They have practically no savings beyond the scanty contents of a one- or a two-roomed home. Whether or not they ought to have saved may be matter for argument; but it is to be noted that the vast majority of them have never in their lives earned as much as £40 in any consecutive twelve months—a sum which would not, at best, leave much margin after providing the housing, food, clothing, and other daily necessities of the family group. There is, in their occupations, hardly ever a trade union *giving unemployment benefit* to which they could have belonged; in fact, no such trade union has ever been able to collect from so poverty-stricken a class the shilling or eighteen pence a week which any adequate unemployment benefit requires. The fact that we have to face is that they do not have savings adequate to tide them over periods of unemployment.

If the community arranges nothing better for these men than the "test workhouse" or even the stoneyard, the vast majority of them do as the poor law administrators wish and intend them to do, namely, struggle on outside—pawning one bit of furniture after another, picking up odd jobs, living on the scanty earnings of the women, making a shilling or two out of the children's labor, begging here and there, getting help from churches and chapels, children's dinner funds, and so on. Every now and then there are "demonstrations of the unemployed" and "Mansion House Funds." The total result is (*a*) the rapid demoralization in *physique* and *morale* of a large proportion of the men; (*b*) chronic semi-starvation for the women and children, with the most frightful results in preventable mortality, disease, and permanent physical impoverishment; (*c*) the reduction of wages to the barest minimum for all the unskilled labor class; and (*d*) the annual recruiting of the army of permanent paupers to such a degree as to nullify all attempts to reduce its total by the wisest curative treatment. I believe this to be one main reason why the number of paupers does not decrease. These results, which are always going on, are alike so patent and so invariable, at once so costly and so injurious to the community as a whole, that it is, in my opinion, worth spending almost any sum, and taking any amount of trouble, to remedy the evil.

How to Approach the Problem

The salient fact that emerges from the experience and studies of the problem during the last twenty years is the comparative unimportance, from a statistical standpoint, of the popular figure of the skilled artisan thrown out of work by the introduction of new machinery or other industrial changes, or the man dismissed because of his gray hairs. The conditions with which we have to deal are not spasmodic or exceptional, but chronic. They concern, not individuals alone, but a whole class. The evil is not even measured by the extent to which the aggregate volume of employment—the total demand for wage labor—waxes and wanes from month to month or from year to year. Even in the best times there are tens of thousands of men in the conditions that I have described. The total number exposed to these conditions can scarcely be estimated, but it is plainly many times larger than the difference between the aggregate totals employed at the best of times and at the worst of times.

The evil to be grappled with is, in fact, not the loss of permanent situations by the particular men who are found to be out of work, for the vast majority of them have never held such situations. It is the casual nature of the employment that, even at the best of times, is afforded to the whole class, of whom they are only an accidentally selected sample. Though there are among the crowd some men who are really suffering from being thrown out of regular and continuous employment, and who quite reasonably aspire to get back again into durable situations, these can at present neither be accurately distinguished nor effectively helped, because of the crowding of the others, who are immeasurably more numerous. What is depressing and destroying the lives of these others is not unemployment in the ordinary sense. The social problem which is presented, for instance, by the Liverpool dock laborers, is as grave on the days when they get work as it is on the days when they get none—that is to say, we have to take into account not only the particular 10 per cent who may be starving to-day, but also the other 90 per cent who will quite certainly be equally destitute some other week in the year, or some other year of the trade cycle. No scheme dealing only with the sample of the whole that happens to-day to be without work can ever be of any real use.

It is the chronically intermittent character of the employment of the whole class for which we must find some remedy. What we have primarily to deal with is, as it is rightly put by Mr. Beveridge, whose studies on this question constitute, in my judgment, one of the most important achievements of economics of this decade, not so much unemployment as "under-employment."

Casual Labor

It is the existence of this large class of men living on casual employment—getting a day's work here and there, occasionally working four or five days in a week, and then perhaps only four or five days in a month—that both intensifies the evil of unemployment and renders nugatory all kinds of "relief work." It intensifies the evil, because as Mr. Beveridge has shown, reliance by individual employers on casual labor creates little crowds of surplus labor at each dock gate, by each wharf, even around each builder's foreman—each crowd waiting wholly or mainly for jobs from that particular source. It is to the interest of each such employer to have waiting for his jobs any moment a crowd large enough to get through the maximum amount of work that he is ever likely to need to get done. Thus there are now collected on the Thames and the Mersey, at Bristol and at Newcastle, at Glasgow and at Hull, not merely enough casual laborers to supply the maximum needs of the busiest day of the port as a whole, if all the needs were combined, but enough to supply the aggregate total of the separate maxima that the several employers may, on many different days, individually require. What is true of dock and wharf labor is true to a greater or less extent of the slightly specialized manual labor employed by the builders and the contractors for engineering works, of the workers in practically all the seasonal trades, of the outworkers in the clothing and furniture trades, and, in fact, in all industries in which there is not a definite regular staff, filling permanent situations. The result of this excess is that the casual employment is rendered even more intermittent and "casual" than it need be. Moreover, so long as there exists this huge army of laborers who never are "employed" in any regular situation, every attempt to provide for the comparatively few skilled mechanics displaced by machinery, etc., the steady man who has lost a situation at twenty-five shillings or thirty shillings a week, through

the bankruptcy of his employer, and the other meritorious cases that turn up occasionally at the distress committees, is doomed to failure. The practically inexhaustible flood of casual laborers flows in and swamps the register, swamps the relief work and swamps everything else that a despairing distress committee attempts. And this series of stagnant crowds of casual labor is apparently getting larger and more casual in its character.

Organization of Casual Employment

Thus it is a necessary preliminary to any useful action for "the unemployed," in the strict sense, that there should be some organization of casual employment. After much consideration of the problem and of the various suggestions made, I have come to the conclusion that the following plan offers a practicable remedy, and, as far as I can see, the only practicable remedy. I owe this plan mainly to the discoveries and stimulating suggestions of Mr. Beveridge; but he has, I believe, not yet worked out his own ideas to the extent that I am now taking them. In any case he has no responsibility for my proposals.

We must postulate, to begin with, the great desirability, from the standpoint of the community, of putting an end to all "casual" or intermittent employment of wage labor if we could do so, because of its social effects. No housekeeping can stand a demoralizing uncertainty as to whether the week's income will be five shillings or five and twenty. I do not believe that if industry were at all deliberately organized on a large scale, an abolition of casual employment would be impossible. But stopping short of a legal prohibition of a method of hiring labor which is demonstrably quite as injurious to the community as was the truck system, we may reasonably ask those employers who continue to adopt it, to submit to some restrictions calculated to reduce the social evil that they undoubtedly cause. I propose that it should be made legally compulsory on employers, being persons carrying on industrial or commercial operations for profit, *either* to guarantee a minimum period of employment—which might be put at a month—subject, of course, to the power of dismissal of any particular individual for misconduct, and even to the arbitrary replacement of one man by another if desired; *or* in the alternative, in so far as they are unable or unwilling to offer employment for a month, then to hire

such labor as they want, whether for a job, a day, or a week, *exclusively through the public labor exchange.*

I propose the development of the existing labor exchanges in London and those of the distress committees elsewhere into a complete national system; with offices opened exactly where most convenient to employers for instance, actually inside the dock gates, or at the principal wharves, or at any other places where sudden demands for labor occur. Office hours should be kept as required. The exchanges should be ready, for instance to supply laborers at five in the morning, and should be telephonically interconnected, and organized up to the maximum efficiency. As there would be no other opportunity of getting casual employment at all with the possible exception of the odd jobs offered by private persons, not engaged in business; and even these we may hope to diminish, it would not be necessary to make it legally compulsory on the laborers to enrol themselves at the labor exchanges, except under circumstances to be hereafter described. Nor would it be necessary legally to prohibit the existence of other agencies for filling situations. As employers would be forbidden to use them for casual labor, such agencies would automatically cease to compete with the public labor exchanges, and would have, perforce, to confine themselves to filling such situations of at least a month's duration as might be offered to them.

This plan, it will be seen, reduces to a minimum, the proposed restriction on the employer, or the interference with his business. It would cause him absolutely no increase of expense. In so far as he can offer regular employment of a month's duration, he is not affected at all. Even for casual labor, he remains as free as before to hire it by the job or by the day only, for as short a period as he chooses. He will have at his disposal all the men in the whole town who are not already engaged. He may have his own choice of men, assuming that they are momentarily disengaged. He may ask for this man or that; he may keep his own list of "preference men;" he may send for ten or a hundred men in order of his preference, or send merely for so many men without naming them. He may even bargain privately with the man of his choice, and virtually secure him beforehand, provided that he lets the formal hiring take place through the labor exchange. All that he is forbidden to do is, at any time or under any circumstances,

to take on casual labor otherwise than through the labor exchange.

The result to the laborer living by casual employment will be that he will find effectively open to him, not merely the particular demand for labor of this or that wharf, or this or that foreman, on which he has been in the habit of waiting, but the whole aggregate demand of the town. We may assume that the policy of the labor exchange would be, subject to any preferences expressed by employers, so to distribute the available men, and so to dovetail the engagements offered to each of them, as to secure to each man who was employed at all five or six days' work in every week. In so far as this was achieved, we should have done for casual labor what has been done for skilled nurses in most large towns by the various nurses' institutes, etc., and for the members of the corps of commissioners in London, namely, combined freedom to the employer to hire only for a job, with practical continuity of work to the person employed.

Existing Precedent

It is interesting to find that there exists, in the United Kingdom, for one important industry, not only a highly organized National Labor Exchange, but also compulsion on the employers to use it. For nearly half a century there has been maintained by the government, in every port of the United Kingdom, what is called the Mercantile Marine Office. Here alone may the engagement of seamen, firemen, cooks, and other members of a ship's crew take place. At the 150 such offices, masters and shipowners go to meet the disengaged men, pick out those they wish to engage, and sign contracts with them before a government officer. The system works smoothly and well, and gives rise to no complaint. It is significant that there are practically no seamen to be found among the unemployed in distress. They alone enjoy the advantages of a National Labor Exchange.

Ascertainment of the Surplus

There will remain, after the labor exchange has met all the demands upon it, a residuum of men, who are demonstrably not wanted at that moment in that place. This "surplus labor" will be a varying amount from day to day. Some of it will be

needed to meet the periods of increased demand for labor—the “wools” and the “teas” at the docks, the pressure on the railway companies at the holiday seasons, the extra postmen at Christmas, the “glut men” at the custom house, the curiously regular irregularities of the printing and bookbinding trades, the increased demand in winter by the gas companies on the one hand and the theatrical industry on the other, the spring rush on painters and builders’ laborers, on dressmakers, and trouser-finishers, and so on. But we shall be surprised to find how easy it will prove after a year or two’s experience to forecast these requirements *for the town as a whole*; and, very possibly, how comparatively small is the variation in the aggregate volume of employment for unskilled and casual labor of one day or of one month, or of one season of the year compared with another. What remains to be discovered is how far the different sporadic demands can be satisfied interchangeably by the undifferentiated labor that is available. Complete interchangeability of labor and complete dovetailing of situations may, of course, not be possible. But probably it would become every year more practicable; and it will obviously be part of the educational training, to be now described, to promote a more complete interchangeability.

The labor exchange would, of course, not confine itself to filling situations in the ranks of casual employment, or from among those whom it had to support. It would receive, and in every way encourage, voluntary applications from employers for labor of better grades, for durable situations; which it would do its best to fill from the best of those whom it had on its register.

When the whole of the anticipated requirements of each town are provided for, it should be the duty of the various labor exchanges to communicate with one another as to the actual or anticipated requirements of other towns. Just as all the labor exchanges in one town would report, day by day, and even, telephonically, hour by hour, to a central office in that town, from which they would all be advised as to the localities where additional men were required, so the labor exchanges of all the different towns in the United Kingdom would report, at least once a day, to the Ministry of Labor, stating (*a*) what surplus labor they had, and (*b*) how much of it was needed for the proximate local requirements; or, on the other hand, (*c*) what shortage of labor they had, or ex-

pected to have. Particular labor exchanges could then be put telephonically in direct communication with each other, either with a view to filling particular situations or with a view to an offer, to those laborers who were disengaged, of the chance of migration to the town in which additional labor of any particular sort was required. It might well be part of the help afforded by the state to make this mobility possible by advancing any necessary railway fares.

Treatment of the Surplus

Theoretically, as Mr. Beveridge quite logically insists, it is not necessary for the labor exchange to do anything more than organize, for the common benefit of employers and men, just whatever private demand for casual labor happens at the moment to exist. But it is, in my opinion, politically impossible to stop at this point. The hundreds of thousands of casual laborers would in that case bitterly resent being deprived of their present gambling chance of getting situations for themselves. They would still more resent the dovetailing of chances which, whilst securing practical continuity of work to some men, left others without any at all. Public opinion would support them in this resentment. It is therefore, in my judgment, an essential part of the plan that there should be full and frank public provision for the residuum for whom the labor exchange can find no employment. The men and their families have to be fed somehow. Nothing can be more costly to the state than the way in which they are now fed, nothing more destructive of character and health, nothing more demoralizing to the community. We are already driven—first, in the form of “labor test” relief by the boards of guardians during the whole of the last seventy years, and now in the various activities of the distress committees—to provide for these men and their families out of the public funds. Instead of doing this unscientifically and wastefully, because on no well-thought-out and deliberate plan, it would be far better for the community, and less demoralizing for the men, and, possibly, in the long run, even less costly to the state, to put the matter on a systematic basis.

I propose that the residuum of labor—the laborers for whom no employer can be found by the labor exchanges—should be given, without stigma of pauperism, or any attempt to pre-

vent them from applying, *full maintenance in return for training*. It is necessary to keep them; it is necessary that they should not have their time on their hands; it is necessary to make these days of waiting less pleasant to them than days of employment. It follows, from the nature of the case, that there is no room here for any sort of "relief works" or "labor test." We shall know that they cannot secure private employment. Moreover, the residuum of laborers, whom all the employers in the town have preferred to leave to the last, will inevitably be men of relatively inferior physique, relatively bad physical condition, relatively unsatisfactory habits, and relative lack of skill, whom it would be absurdly extravagant and ridiculous to engage to do public work at wages. To create artificial work at wages for them would, in fact, be to defeat the whole object of the proposed organization. These particular men—the residuum, be it remembered, of a far stricter selective process than any one distress committee can now apply—must be regarded as temporarily "out of condition" for useful work. They would, in fact, almost invariably be found eminently suitable subjects for physical, mental and technological "remedial drill" with a view to bringing them up to a higher standard of productive efficiency. Any improvement which it may be found possible to effect in them must not be expected in itself to prevent their future "unemployment" or "underemployment"—that will not be the object of the training, and it will only mislead the public to advocate it on that ground. Whilst the training will be useful in itself to the community, as well as to the men themselves, its real object in the scheme is (*a*) to occupy the men's time, in order to prevent the demoralization of idleness; (*b*) to supply the necessary deterrent element, so that the men may find their periods of unemployment less "pleasurable" than their periods of employment at wages. This deterrent element would be found in taking from them, for the whole day, not only all indulgence in alcohol, but also all leisure for idle gossip. They would sacrifice rather more of their liberty whilst they were in training than if they were in employment at wages, and they would get no beer.

Training the Surplus Laborer

I propose, therefore, that there should be attached to the labor exchange organization a series of graduated training es-

tablishments of different kinds, partly day and partly residential, to which all those men should be relegated for whom no employment could be found, other than those who had insured themselves, as hereinafter described, against this contingency, or who possessed other means of subsistence for themselves and their families. If they refused to submit to this training they would get no relief of any kind; they would be liable to be proceeded against as rogues and vagabonds; and they could be committed to the penal settlement or to prison. In return for putting in their whole time at the training establishments, and submitting to the necessary regimen and discipline, the men would be fully fed and adequately clothed when necessary, but would be paid no wages or pocket money, whilst adequate home aliment would be granted for the support of their families under suitable conditions.

I visualize these training establishments for the unemployed as graduated and specialized in various ways, as experience may dictate. There will be (a) central labor depots, in close proximity with the principal labor exchange, for what I may call the first-class reserve of the industrial army; (b) day training depots of various kinds, for the second-class reserve; (c) farm colonies, of at least three different grades, adapted to the needs of the real surplus, which may be found not to be wanted in the towns at all; (d) religion and philanthropy, and (e) a penal settlement, to which the recalcitrant and the incorrigibly idle would find themselves committed by the magistrates.

(a) Central Labor Depot

Let us consider these somewhat more in detail. It might well be the best of the surplus laborers selected for physique, regularity of conduct, and intelligence, who would each day be kept within call, ready to meet not only the already notified demands of employers, but also unexpected sudden requirements. For this section, who may be regarded as the first-class reserve, we may imagine the utilization of the existing trade schools within the town, the provision, near at hand, of lecture rooms, gymnasias, and reading rooms; and the organization of suitably alternated technical classes, physical exercises, plain meals without alcohol, lectures and drill, so as to absorb the whole day. This constant attendance and continuous mental occupation is essential. From these centers would

be fetched, hour by hour, such labor as was demanded from any part of the town. At present it stands about at street corners, loafs in and out of the beerhouses, and, in an atmosphere of congenial gossip, goes rapidly to seed.

(b) Day Training Depot

But there would be another contingent of men for whose services there would be no probable demand that day, or even that week or that month—men who would be demonstrably inferior in physique or qualifications to the selected first class, and who needed more improving in body or mind. Some of these might be sent to specific technical schools for particular forms of training, expected to extend over a few weeks, or even a few months, but liable always to be interrupted if there came an abnormal demand for labor, when the labor exchange would send for them. Others would go to the general training depots, where they would have to attend from 6 a. m. to 9 p. m.—the object being to absorb their leisure and organize their whole waking life—for a properly varied curriculum of gymnastics and drill, trade classes and stimulating lectures, swimming and organized games, interspersed with good, plain meals, and no alcohol—the whole dictated by a consideration of what is calculated most to increase their physical and mental efficiency. This absorption in varied mental and physical occupations of the entire day is essential. Their wives and families, to whom they would return at night, would receive home aliment sufficient for their subsistence.

(c) Farm Colony

Possibly at some future time, we should find that there was no further surplus labor in the towns than what could advantageously be relegated for the slack season to these day training depots. But for the present at any rate, as the result of any success in "dovetailing" various forms of intermittent employment, we should undoubtedly have a clear surplus for which the town had no use. Moreover, there would always be particular men to be prepared for country work, or for emigration. Thus, though the farm colony on a large scale may be only a temporary need, there will probably always be room for a certain amount of training accommodation of this kind. But this, too, should be organized and regarded

strictly as educational training and discipline, not as providing employment. The choice of work should be dictated by its educational effect on the men, not by its profitability. Maintenance should be given, together with home aliment for the family, but no wages. There might be grades of farm colonies; some very rough and physically laborious, others specializing in fruit culture and the finer sorts of market gardening. Men could be moved upwards or downwards, as their conduct and character required, and there might have to be provision for "incurables"—men found really incapable of satisfying any employer, but neither physically ill nor morally vicious—for whom, as for the sane epileptics, who constitute an exactly analogous class, we can do no better than keep them in segregation in the country at such light and easy jobs as they can perform.

(d) Religion and Philanthropy

In this connection there would be great opportunity for making use of the fervor and zeal of philanthropy and religion. The greatest results in the way of the reclamation and training of individuals have always been achieved by religious organizations. It may well be wise for the state to make a greatly increased use, with proper inspection of farm colonies, and similar settlements and homes conducted by religious and philanthropic committees, for such of the residuum as may be willing to be sent to them in preference to the government establishment. It may well be for all that important side of training that is implied in the strengthening of moral character, the building up of the will, the power to resist temptation, and the formation of regular habits, the most effective instruments are a degree of love and of religious faith that a government establishment with a civil service staff may not always be able to secure. The Ministry of Labor would therefore be well advised to let the denominations and the philanthropists have all the scope that they can take, and only to establish such additional government farm colonies as are found needful to supplement private effort. This private effort could be subsidized by payments for each case, as has long been done for a whole generation in the reformatory schools, and as is now being done in inebriate houses.

(e) Penal Settlement

At the base there must evidently be a penal settlement, with whatever drastic disciplinary treatment as may be found most curative. But I suggest that the object must always be to raise and stimulate, never to depress. The principle adopted ought to be that of the indeterminate sentence, subject to a fixed maximum. Every person committed should be committed for as long a period as may prove necessary. He should stay there until he had given to the authorities of the settlement reasonable assurance of being reformed in body and mind. He should always know that he could emerge just as soon as he was able to give that reasonable assurance, when he would rise to the farm colony, and through the various grades of farm colony to the day training depot, and so back to the central labor depot and the chance of a regular situation—subject, of course, to being degraded and again committed every time he lapsed. There would be great advantages in transferring all prisoners to the penal settlement for the latter portions of their sentences, instead of merely discharging them on ticket-of-leave or otherwise, in order that they, too, may have, first of all, a secure provision of subsistence in return for labor, some industrial training, and then a real opportunity of rising to the ranks of honest employment. An analogous working arrangement between prison and labor exchange is apparently acting well in Illinois.

State Aid to Provident Insurance Against Unemployment

It might be undesirable, even if it were politically possible, to propose a national organization of labor exchanges, with maintenance to the unemployed in return only for further training, except side by side with an offer of encouragement to the workmen to make themselves, by provident insurance, independent of the whole machinery. Such insurance against unemployment is at present provided by some of the trade unions, and scarcely at all by any other institutions. At present, however, only about a third of the total of two million trade unionists, and none of the ten or twelve million non-unionists, are insured against unemployment, "out-of-work benefit" being provided only by the trade unions in the more skilled and better paid trades, which alone are able to afford the necessary premium. For instance, neither the bricklayers nor the

stonemasons, though very skilled workmen, have ever been able to get beyond the very objectionable "tramping pay."

It would be a good investment for the community to aid and develop this trade-union insurance against employment by a grant-in-aid, calculated, perhaps, at one-half what the trade union paid. It would be very desirable to make it a condition of the state-subsidized "out-of-work pay" that (a) all tramping pay should be abolished, and (b) the recipient should be urged and enabled to spend some of his idle hours at a technical institute, where he could be given instruction in his own trade. The unemployed compositors, for instance, who daily "sign the book" at the trade union office in London and draw two shillings, now usually loaf about Ludgate Circus on the chance of a job. They are generally men of not the highest skill—mostly, in fact, men of very inadequate training and range of work. They had far better spend some hours a day at the neighboring St. Bride's Institute, in technical classes, at work on those parts of their craft in which they are not proficient. With such state subsidy the provision of "out-of-work benefit" would be made possible in many of the poorer trade unions. A greatly increased number of workmen would be induced to insure against unemployment. A corresponding relief would be afforded to the public organization that had to provide for the unemployed. The last excuse for vagrancy would be removed, and it would be put within the capacity of every provident artisan but still only of the men above the grade of casual laborer, to provide against the contingency of unemployment in the method most congenial to himself.

But there is no need to attempt to force this subsidy on the workmen's organizations. The thrifty workman may, in fact, be left to do as he likes. So long as he fulfilled all his social obligations whilst out of work, whether by means of insurance or otherwise, the state need not interfere with him. If he did not beg, did not commit a nuisance and did not let his wife and children suffer from inanition, he might, if he chose, abstain from enrolling himself at the labor exchange; but if he were found begging, or tramping without means of subsistence, if his home became unsanitary or his children were reported to be unfed, the first question would be, why are you not at the labor exchange? Commission of any of these offences, by a man who was not taking this obvious

means of fulfilling his social obligations, would, of course, be a serious crime. If a man made no provision for the future when the state had made this possible for him, he could hardly complain of the way in which the state dealt with him for his good when he became destitute. Government subsidies of trade-union insurance against unemployment will not be rashly declared by any educated person to be impossible, because the system actually exists in Belgium, in Holland, in Denmark, in Norway, in France, and in Germany, with the assent of both employers and trade unions, and is rapidly spreading all over the Continent.

Trade-Union Labor Exchanges

A further encouragement might well be afforded to the provident workman. As a large proportion of the situations in the skilled trades are not of the nature of casual employment, but do, as a matter of fact, last for a month or more (or could easily be so arranged as to do so) it would be in no way necessary for these to be filled through the labor exchange. It might even be desirable to make arrangements also for the shorter engagements and "casual" jobs of the skilled mechanics in such trades to be independently organized. It might be well to provide that where a trade union giving out-of-work benefit, desired, perhaps in conjunction with an organization of employers, to manage its own register of men unemployed and situations vacant, it would be permitted to do so in close connection with the public labor exchange, which would transfer to it at once any applications from employers in that trade, and not fill any such situations unless and until the special office for the trade failed to do so. In this way there would be secured, to those workers in any trade who had been provident enough to insure themselves against unemployment, a practical preference for all the employment that might be offered in that trade. This conjunction of the trade-union register of unemployed workmen with the public labor exchange cannot be summarily dismissed as impracticable or as ruinous to the employer, by anyone who knows what he is talking about, for it is in full force in some parts of Germany, and apparently working well.

The Voluntary Organization of Casual Labor

Moreover, it would be open to the employers in any particular trade to undertake, if they preferred the organization of their own

casual employment. The Liverpool shipowners, who now refuse to take any trouble to avoid creating a quite unnecessary congestion of surplus labor at the Liverpool docks, with the gravest social consequences, might elect rather than submit to a public labor exchange, to establish such an organization for themselves. Provided that they offered continuous employment of not less than a month to their men—as a very little organization and a small insurance premium would enable them to do—they would be free to make their own arrangements. They might, for instance, establish a mutual society, which itself engaged the laborers by the month, and supplied them to the shipowners as required. They might even combine both advantages, the mutual society engaging and supplying the regular corps of men, of the number up to which constant employment could be guaranteed and also drawing on the labor exchange in any temporary emergency as any individual shipowner could also do.

Transitional Arrangements

In any comprehensive scheme for dealing with the unemployed there are, I believe, two conditions that must be satisfied before it will be adopted. One is that the humane public, no less than the unfortunate laborers themselves, must have assurance that whilst the new and comprehensive scheme is getting under way, there will be no cessation or interruption of the provision already made for the relief of the unemployed workmen and their families. The other is that the scheme shall afford at its other end, some prospect of eventually providing, in some permanent way, for the ultimate residuum of the unemployed. Both these conditions must be met.

Disposal of the Ultimate Residuum

The second condition, that the scheme shall afford a prospect of eventually providing in some permanent way for the ultimate residuum of the unemployed, must now claim attention. At present we can do nothing effective for them, because (*a*) we are not convinced that there is any such residuum; or, at any rate, (*b*) we have no idea how large it is; and (*c*) we cannot distinguish it amid the crowd of merely “underemployed” casual laborers. But once a National Labor Exchange had filled all the demands of employers from one end of the kingdom to the other, and had estimated the

probable total of their demands in the approaching busy season or the opening busy years of the trade cycle the number of the residual unemployed would be demonstrated and their personal identity established. The ten or twenty thousand men who might then be under training in the various farm colonies would be an unmistakable object lesson. The nation would have to make up its mind what to do with them.

It would, for instance, be open to the government, at the instance of the Minister of Labor, to decide upon any scheme of afforestation, or land reclamation, or road making, or for that matter, the calling out of the militia or special reserve for extra training, the building of additional battleships or militia barracks—being socially desirable, but not commercially profitable undertakings, which would not otherwise have been started, but which it might be worth while undertaking in order to increase the aggregate demand for wage labor.¹

The government might well resolve, rather than maintain 20,000 men in idleness, to give out contracts for such works as have been mentioned, with the view of getting that number of men into situations. The government would do well not to employ the particular 20,000 men who were on its hands, and not even in any way to fetter its contractors in their choice of men. All that it need do to achieve its object is to put its orders on the market or let its manufacturing departments take on more hands, in the usual way, so as to increase the aggregate volume of demand for wage-labor. Then, with all the safeguards of each employer selecting the best men, the residuum on the hands of the National Labor Exchange would be indirectly drawn upon, and might be practically absorbed.

On the other hand, we might come to the conclusion that the

¹ It is, I believe, an economic blunder, still current among people otherwise "enlightened," that any such increase in the aggregate demand for labor is, without an increase of capital, logically impossible. But, as a matter of fact, the actual demand for wage-labor visibly fluctuates considerably in amount without any alteration in the momentary amount of capital; and is, in fact, determined largely by states of mind, and made effective by all the machinery of credit, both of which can be altered by government action. Moreover, the objection ignores the fact that there is as much capital unemployed and underemployed as there is labor. It is then sometimes objected that the cost of any government action, being levied as taxes, necessarily causes as great a diminution of private employment as the government can cause increase. This is to assume—an assumption for which there is no sort of economic warrant—that a restriction of the individual consumption of luxuries necessarily causes a decrease in the volume of employment equal to the amount of the retrenchment of personal expenditure.

20,000 men whom we might find on our hands—or many of them—could be best disposed of by settling them on the land that they had reclaimed, either as small holders or as co-operative colonists, in order that they might produce their own subsistence.

Or we might find that these 20,000, or many of them, could be best disposed of by being settled on the land in new countries; or merely enabled to emigrate to Canada. Or, again, we might decide that if there were 20,000 men standing idle, the time had come for a reduction of the general hours of labor—say, half an hour a week—sufficient to absorb the surplus labor.

Probably the nation would use a combination of all these methods for particular individuals at particular dates. But not until we have demonstrated the existence of a residual surplus by a National Labor Exchange shall we be in a position to make the necessary decision.

“Utopian”

Such a plan for dealing with unemployment by the organization of casual labor will, of course, be dismissed as “Utopian.” Experience shows that this may mean nothing more than that the plan will take some years to realize. I will conclude by mentioning two instances in which schemes of remedying social evils, that seemed wildly “Utopian,” have, even within our own time, come about. Less than a century ago the problem of dealing with the sewage of London seemed insoluble. Half a million separate private cess-pools accumulated each its own putrefaction. To combine these festering heaps into a single main drainage system seemed, to the statesmen and social reformers of 1820 or 1830, beyond the bounds of possibility. We now take for granted that only by such a concentration is it possible to get rid of the festering heaps and scientifically render innocuous the ultimate residuum. And, to take an even larger problem, less than half a century ago, when millions of children in the land were growing up untaught, undisciplined and uncared for, it would have sounded wildly visionary to have suggested that the remedy was national organization. Could there have been anything more “Utopian” in 1850 than a picture of what to-day we take as a matter of course, the seven million children emerging every morning, washed and brushed, from five or six million homes in every part of the kingdom, traversing street and road and lonely wood-

land, going o'er fell and moor, to present themselves at a given hour at their thirty thousand schools, where each of the seven millions finds his or her own individual place, with books and blackboard and teacher provided ready for him—surely a triumph of the “regimentation” in which there is the truest freedom? What has been done with the London cesspools and the English children can be done, if we like, with the casual laborers, and probably in much less time.